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## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/124

7 November 1960

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events  
21 October - 3 November 1960

The USSR has recently been attempting to expand its tanker fleet through the purchase of new, large vessels in the Free World. The Soviet petroleum commitments to Cuba, which have required substantial readjustments in the employment of Soviet tankers and the chartering of many Western vessels, probably are the immediate impetus for these purchases. Moscow has accomplished these readjustments successfully but has experienced some difficulty in obtaining Western charters and has had to pay premium rates. The USSR probably hopes to reduce -- and in the long run even to eliminate -- Soviet reliance on chartered vessels and is looking to Western shipbuilders to supplement Bloc construction programs as the most rapid way to achieve this aim.

Soviet Premier Khrushchev publicly announced in New York that he had discussed with the UN delegate from Bolivia Soviet assistance in providing Bolivia with a tin smelter and high-concentrate plants. Although many responsible mining experts in Bolivia feel that the construction of a large tin smelter in Bolivia is impractical because of Bolivia's present lack of electric power, President Paz feels that he is under considerable political and economic pressure to consider the offer.

A barter agreement may soon be concluded between Czechoslovakia and Ecuador whereby bananas, cacao, and coffee worth \$630,000 will be exchanged for materials to be used in Ecuadoran technical schools. Czechoslovakia reportedly also has offered a credit of as much as \$10 million to Ecuador.

A Cuban economic mission headed by Che Guevara is now visiting the USSR on a trip that also includes Czechoslovakia, East Germany, Communist China, and North Korea. In Czechoslovakia the group negotiated a new \$20 million long-term loan, and it is probable that a new line of credit also will be extended by the USSR before Guevara leaves the country. Meanwhile in Havana, Rumania and Cuba signed a trade and payments agreement and a technical and scientific accord.

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Since early September, four Soviet freighters have delivered what are believed to be about 10,000 tons of arms to Cuba. A fifth ship unloaded 10 large crates described as "aircraft crates." Reports indicate that these shipments include small arms, antiaircraft and field artillery, medium tanks, Mi-4 (Hound) helicopters, ammunition, and possibly MIG fighters and early-warning radar.

On 23 October an economic and technical assistance agreement was concluded in Baghdad under which Czechoslovakia extended to Iraq a line of credit amounting to \$33.6 million. Preliminary project studies in the fields of oil refining, petrochemicals, and both thermal electric and hydroelectric power will be prepared by Czechoslovak engineers. Projects that appear feasible will receive Czechoslovak loans for the cost of technicians and equipment. Projects under study include a new refinery at Basra and hydroelectric generating units at the Dokan Dam and at the unfinished Derbendi-Khan Dam.

As part of a concerted effort to induce the Makarios government to accept proffered Soviet aid, the Communist Party of Cyprus has been circulating reports that the USSR is willing to offer Cyprus about \$84 million.

Burma has agreed to ship 300,000 to 400,000 tons of rice to Communist China in 1961, a quantity equal to 15 to 20 percent of its exportable rice surplus. Although the communique of 24 October announcing the sale did not specify the means of payment, the payment probably will be in sterling.

Laos on 27 October accepted an offer of economic aid from the USSR. So far the aid has been accepted only "in principle," and the details remain to be worked out.

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